

STATE OF CALIFORNIA
HIGH-SPEED RAIL AUTHORITY

A PUBLIC MEETING OF THE STATE OF CALIFORNIA
HIGH-SPEED RAIL AUTHORITY was held at the California State
Treasurer's Office, 915 Capitol Mall, Sacramento,
California, on Monday, March 18, 2013 at 11:00 a.m., before
Susana Abeyta, a Certified Shorthand Reporter License
Number 13372, in and for the State of California.

Additional teleconference locations were held in
Redwood City, California at 777 Marshall Street; Costa
Mesa, California at 695 Town Center Drive, 14th Floor; and
Fresno, California at 855 M Street, Suite 1110.

APPEARANCES IN SACRAMENTO FOR THE HSRA:

Dan Richard, Chairman

Jeff Morales, Chief Executive Officer

Tom Fellenz, Esq., Chief Counsel

Angela Reed, Secretary

APPEARANCES IN REDWOOD CITY FOR THE HSRA:

Jim Hartnett, Director

Mike Rossi, Director

APPEARANCES IN COSTA MESA FOR THE HSRA:

Thomas Umberg, Director

APPEARANCES IN FRESNO FOR THE HSRA:

Thomas Richards, Vice-Chairman

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SACRAMENTO, CALIFORNIA

MARCH 18, 2013 at 11:10 A.M.

(Speakers who are not present in Sacramento
and who are not clearly identified will be
designated as unidentified speaker.)

CHAIRMAN RICHARD: Okay. All right. Good
morning everybody. The meeting of the California
High-Speed Rail Authority will come to order. We're here
in Sacramento, but we're also joined at several other
locations that were noticed and that are open to the
public, and those as you just heard are in Redwood City,
in Costa Mesa and Fresno this morning.

So I will ask the secretary to begin by calling
the roll.

THE SECRETARY: Vice-Chair Schenk.

(No response.)

THE SECRETARY: Vice-Chair Richards.

VICE-CHAIR RICHARDS: Here.

THE SECRETARY: Mr. Umberg.

MR. UMBERG: Here.

THE SECRETARY: Mr. Hartnett.

MR. HARTNETT: Here.

THE SECRETARY: Mr. Rossi.

MR. ROSSI: Here.

THE SECRETARY: Chairman Richard.

1 CHAIRMAN RICHARD: I am here.

2 We normally would -- we normally would have the
3 pledge of allegiance, but I think given the disbursed
4 locations this morning, we will ask everyone to keep that
5 pledge in their hearts as we move forward.

6 We will now move to the first item on the
7 agenda which is public comment. We have several public
8 comments here in front of me. Our practice, for those
9 who have not followed our meetings, is that we take
10 comments in the order in which they were received, with
11 the exception we do afford our elected officials the
12 opportunity to go first.

13 I don't see in the list of comments that I have
14 any members from our elected ranks.

15 Let me just ask Mr. Hartnett in Redwood City,
16 you have public comments there I presume?

17 MR. HARTNETT: Yes, we do. We have several.

18 CHAIRMAN RICHARD: Mr. Richards in Fresno.

19 VICE-CHAIR RICHARDS: Mr. Chairman, we have a
20 number of public comments. We also have KTTV from Los
21 Angeles here. We also have the Fresno Bee with Tim
22 Sheehan. We have Supervisor Manuel Nevarez who is the
23 newly-elected appointed supervisor from Madera County who
24 would like to speak.

25 CHAIRMAN RICHARD: And then let me just finish

1 the survey.

2 Mr. Umberg, do you have public comments?

3 MR. UMBERG: Would either of you like to make a
4 public comment? We have several folk here, including
5 Jeff from KTTV Fox 11 News.

6 But, Jeff, would you like to make a public
7 comment?

8 UNIDENTIFIED SPEAKER: No -- no public comment.

9 CHAIRMAN RICHARD: All right. So then why
10 don't we do this then, we will start in Fresno with our
11 new supervisor, who is newly appointed, congratulations
12 Supervisor, and ask him to go first. And then we will
13 rotate back and forth between Sacramento and the other
14 sites for public comments. We will take this order at
15 that point.

16 MR. NEVAREZ: Thank you, Mr. Chairman, it's
17 Supervisor Nevarez. Well, good morning, authority
18 members. My name is Manuel Nevarez. I have made several
19 public comments over the years to you in Sacramento, San
20 Jose and Bakersfield. This is the first time I comment
21 as a Madera County Board of Supervisor's, Supervisor. I
22 have the honor of being a gubernatorial appointment of
23 Governor Brown's to district one in Madera County.

24 And I've been working in high-speed rail as a
25 cofounder of Madera Friends for High-Speed Rail, and I

1 look forward to working with you as a supervisor in the
2 coming months and years on a -- on this project which is
3 so important to the valley and our state.

4 I have one request that is that you give me
5 some time to work with my colleagues on the board to
6 develop a solution to the concerns that both satisfy the
7 objectives of Madera County and the authority.

8 I was sworn in six days ago so I have other
9 things on my plate right now. I appreciate the time.

10 CHAIRMAN RICHARD: Thank you, Supervisor, and
11 congratulations. We look forward to working with you.

12 MR. NEVAREZ: Thank you.

13 CHAIRMAN RICHARD: All right. I think what we
14 will do is go in round-robin then, take one speaker from
15 each site in order. I will start here in Sacramento.
16 Our first speaker is Morris Brown.

17 MR. HARTNETT: Morris Brown has filled out a
18 card and submitted it to Sacramento, but he's here with
19 us in Redwood City. So he will -- don't count him
20 towards the Redwood City numbers. We want to get another
21 Redwood City one in.

22 CHAIRMAN RICHARD: I am less confident about
23 where my cards have come from.

24 Go ahead, Dr. Brown, good morning, sir.

25 MR. BROWN: Thank you, Chairman Richard. I

1 won't take very long. I have previously written letters
2 on the MOU, in particular focussing on the inadequacy of
3 the funding program --

4 CHAIRMAN RICHARD: One second, Dr. Brown. Can
5 I just ask people to put the microphone a little closer
6 to you, please.

7 MR. BROWN: Sure. Is this better?

8 CHAIRMAN RICHARD: Yes.

9 MR. BROWN: Very good. Again, I started by
10 saying that I have written several letters focussing on
11 what is the inadequate funding plan for the MOU, and
12 therefore, I request that the board not approve this MOU.

13 You responded to me, and the last response was
14 that Caltrain would respond with their answer to my
15 question. They have not responded. So I am just going
16 to say this again: The MOU funding is definitely
17 inadequate. It does not meet the requirements of not
18 spending high-speed rail Prop 1A funds, and it does not
19 meet the requirements of matching funds.

20 Just to close and hurry along, my final
21 statement will be that any board member that has been
22 upholding to approve this MOU, is ignoring either the
23 matching fund requirements of Prop 1A or is saying it's
24 okay to spend Prop 1A high-speed rail funds for EMUs and
25 CBOSS which are used only to Caltrain. I think I will

1 conclude with that, and thank you very much.

2 CHAIRMAN RICHARD: Thank you, Dr. Brown.

3 Next I have Kevin Dayton here in Sacramento.

4 Mr. Dayton.

5 MR. DAYTON: Thank you, Mr. Chairman. My name
6 is Kevin Dayton with Labor, Issues, Solutions, LLC in
7 Roseville. Today you will be asking the High-Speed
8 Passenger Train Finance Committee to borrow 8.6 billion
9 from investors by selling bonds as authorized by
10 Proposition 1A, passed by 52.7 percent of voters in
11 November of 2008. I think it's important in this meeting
12 today for --

13 CHAIRMAN RICHARD: Go ahead.

14 MR. DAYTON: -- for staff to explain clearly to
15 the people of California what this means, especially
16 since I believe that many Californians aren't even sure
17 of the concept of a bond and how it's borrowed money that
18 has to be paid back with interest.

19 Here are some of the questions I think need to
20 be addressed:

21 First, what is your current estimate on the
22 total amount of debt that will be assessed including the
23 interest on this?

24 You may note back in 2008 there were estimates
25 between 19 billion and 23 billion, depending on the

1 maturity for the whole Prop 1A bonds. I would like to
2 hear what the new number is estimated to be.

3 When does the state plan to sell the bonds?

4 Will any bonds be sold by the May 31st court
5 hearing regarding the Kings County lawsuit?

6 Will these bonds be sold separately or with
7 other state bond bond sales?

8 I see there's a provision in the resolution
9 that says that these will be 35-year bonds, which I think
10 is good because actually Prop 1A allowed you to sell
11 40-year bonds, but I was wondering how -- is this unusual
12 for the state to sell 35-year bonds? Isn't it typically
13 30-year? How often does this occur? Why is the bond
14 maturity to be 35 years? What rate do you expect to sell
15 them at? What do you expect this is going to be? And if
16 the bonds are sold, and then you lose the lawsuit, what
17 happens? Also, how are these bonds structured? Will you
18 be selling capitol appreciation bonds?

19 These are some important questions I think you
20 need to address to the people of California. Thank you.

21 CHAIRMAN RICHARD: Thank you, sir. Some of
22 those questions I think will be better posed to the State
23 Treasurer's Office, but we will certainly engage on
24 those. We appreciate your comments.

25 Let me turn next to -- to Fresno. Who is the

1 next public speaker there?

2 VICE-CHAIR RICHARDS: The first speaker would
3 be Maureen Fukuda.

4 Would you rather not speak? Would you like me
5 to read into the record your written statement or would
6 you like to come up and do it?

7 This is Maureen Fukuda's written statement:

8 "Has the authority lost sight of the
9 original purpose they were entrusted with? My concern is
10 that they have failed to serve the people of California
11 with integrity and to represent all the people of
12 California and their welfare."

13 Thank you, Ms. Fukuda.

14 CHAIRMAN RICHARD: Thank you. Next, Redwood
15 City. Mr. Hartnett, who --

16 MR. HARTNETT: Our next speaker is Jerry --

17 MR. BROSAL: Jerry Brosal (phonetic spelling),
18 and I live in San Mateo 750 feet from the right-of-way,
19 and I would like to say good morning to the board and
20 welcome to the new members, if you're there. I can't see
21 if you are or not. And I wanted to thank Board Member
22 Schenk for her vote of conscience.

23 I am in favor of four tracks all the way from
24 San Jose to San Francisco. Now, the memorandum that
25 you're going to be voting on says primarily two tracks.

1 I feel that it should say primarily four tracks with
2 adjustments to two tracks where necessary.

3 If I look at the March 2012 High-Speed Rail
4 Blended Operations Analysis, it makes reference to
5 additional miles of four tracks.

6 We presently have four tracks in the system
7 already. And the objection seems to be mostly against
8 expanding the four tracks. So I would favor the memo to
9 be voted upon being changed to say primarily a four-track
10 system, with accommodation of two tracks where necessary.

11 In reference to all of this I would like to
12 point out that the San Mateo Bridge crossing the San
13 Francisco Bay Area here started off with six-lane
14 high-rise and was built in 1967.

15 It wasn't until 37 years later in 2004 that the
16 San Mateo Bridge was finally built out with four lanes
17 all the way. So if you take 37 years and add it to 2013,
18 we will probably be in 2050 before we do get more than
19 four lanes built from San Jose to San Francisco.

20 Please consider that when you vote on the
21 memorandum. Thank you.

22 CHAIRMAN RICHARD: Thank you, sir.

23 Next we will return here to Sacramento, Ted
24 Hart. Mr. Hart, good morning.

25 MR. HART: Good morning. My name is Ted Hart.

1 I am speaking as a individual. I don't belong to any of
2 the particular unions or associations or otherwise,
3 speaking primarily for my family. Great grandsons are
4 now six generation Californians --

5 UNIDENTIFIED SPEAKER: Is it possible, Mr.
6 Hart, can you get closer to the microphone?

7 MR. HART: Okay.

8 CHAIRMAN RICHARD: Yes, thank you.

9 MR. HART: There we go. I'm sorry. Ted Hart,
10 I ran by real quick six generations of
11 great-grandchildren. Purpose of being here, the real
12 interest that I have at this particular point with the
13 lawsuit now having been filed on Friday the 15th, I would
14 like to ask the board what happens to the bonds if the
15 lawsuit is successful in stopping the rail? That's
16 really it.

17 I thank you very much.

18 CHAIRMAN RICHARD: Thank you, sir.

19 Next back to Fresno. Mr. Vice-Chair Richards,
20 do you have another speaker there?

21 VICE-CHAIR RICHARDS: Yes. Thank you, Eric
22 Christen please.

23 MR. CHRISTEN: Thank you, Mr. Chairman, board.
24 My name is Eric Christen. I am the executive director of
25 the Coalition for Fair Employment and Construction. I am

1 specifically speaking to the editorial that was published
2 in the Modesto Bee by the High-Speed Rail Authority's CEO
3 Mr. Morales.

4 I think it's an exercise in dissembling and
5 distraction speaking to the issue of project labor
6 agreements which will govern the actual hiring of
7 everybody on this project. And it was such the case that
8 I felt it needed to be responded to, specifically some
9 comments that he wrote in his editorial, which he was
10 responding to the Modesto Bee's editorial, which was
11 taking a shot at disadvantaged workers, hiring issues and
12 the project labor agreement.

13 Mr. Morales said, "It takes an unfair swipe at
14 the California High-Speed Rail Authority's goal of
15 creating and maximizing job opportunities for Central
16 Valley residents." A 29-page document like the project
17 labor agreement is about the last thing you want to help
18 small and disadvantaged workers get jobs on California
19 high-speed rail. There's enough regulation and oversight
20 in this state that having a union agreement that they
21 have to sign on to is something that's probably not going
22 to help them achieve what Mr. Morales said.

23 Next goes on to state that the board's adopting
24 an aggressive goal of 30 percent small business
25 participation. I think the operative term here is

1 "goal." The language is very important throughout this
2 document. Because of the dissembling that goes on "goal"
3 is not to be confused with mandates. I think that's
4 important for everybody to always remember. It is only a
5 goal.

6 It next goes on to state, "The development of a
7 community benefit agreement is one step in that process
8 and is virtually identical to agreements used
9 successfully throughout California on major
10 infrastructure projects."

11 Well, in this case he is right; it is identical
12 because the unions have a template, and there is no
13 discussion, really. There is no discussion or agreement
14 on a project labor agreement or a CBA. There is the
15 union agreement, and you have to sign off on it. So it
16 is exactly the same as all the rest of it in California
17 because the unions won't allow for any negotiations of
18 them.

19 What should also be noted is that
20 "disadvantaged worker," how it's defined, that being
21 homeless, having a criminal record, emancipated from
22 foster care system, being a veteran -- which I found
23 insulting. I shared that with my wife who a lieutenant
24 colonel in the Air Force. She too found it insulting,
25 not surprising considering the source.

1 I would not have "criminal" and a "veteran" in
2 the same paragraph if that's what is defined as a
3 disadvantaged worker.

4 What is interesting is item number nine as to
5 what qualifies as a disadvantaged worker is being an
6 apprentice with less than 15 percent of your
7 apprenticeship hours required to graduate to a journey
8 level program as described in Section 1.2. That program
9 as described in Section 1.2 is a union program and only a
10 union program. So what will happen is that the unions
11 when they fail to achieve these goals, which are laid out
12 as goals, not mandates, they will simply bring in their
13 apprentices to fill these disadvantaged goals, and they
14 will say we've achieved what we wanted to do.

15 Mr. Morales then went on the say, "The five
16 joint venture teams bidding on construction of the first
17 leg have agreements with labor unions." That's a non
18 sequitur. It has nothing to do with anything.

19 There are 24 different trades in this country.
20 The joint venture, for example, may have one, two at
21 most, three agreements with trade unions. All the other
22 trades they do not have agreements with. So that
23 statement means nothing.

24 A project labor agreement forces all nonunion
25 construction firms and all trades there within to, for

1 all intents and purposes, have to become union.

2 And lastly, he ends with this, "It's important
3 to bring to the attention of the public in California
4 about 95 percent of the construction apprentices in
5 state-approved programs are apprenticeship programs that
6 are run by unions."

7 Well, I would assume that 95 percent of the
8 graduates from California -- the K-12 system, come from
9 public schools. However, the five percent might come
10 from excellent private or charter schools. Can you
11 imagine somebody saying that your diploma is now
12 worthless and because you didn't come from the programs
13 that graduate 95 percent of graduates, you will not now
14 be accepted into our program that has a \$68 billion
15 benefit to it.

16 So in closing I would just like to say is that
17 what I saw in this editorial is somehow a desire to
18 really distract from what the real intention of the POA
19 is. I wish the POA proponents would just be honest and
20 say unions in this state are very powerful. They are
21 very politically potent. Why they are elected is because
22 of their donations, and the PLA is a way to reward them.
23 That's all it is. Let's just be honest about it, and
24 instead there's ostrification, there's dissembling, and
25 there is a distraction. The PLA --

1 CHAIRMAN RICHARD: Mr. Christen, excuse me,
2 sir. I've given you twice the --

3 MR. CHRISTEN: Thank you.

4 CHAIRMAN RICHARD: -- amount of time we
5 normally afford.

6 MR. CHRISTEN: Thank you.

7 CHAIRMAN RICHARD: Thank you. Okay.

8 MR. CHRISTEN: Thank you, very much.

9 CHAIRMAN RICHARD: Thank you, sir.

10 All right. Redwood City.

11 MR. BIGELOW: Jim Bigelow with the Redwood
12 City/San Mateo County Chamber, the Menlo Park Chamber,
13 the San Mateo County Economic Development Association.
14 We've been following this project for years. We've
15 appeared before the Caltrain Joint Powers Board where
16 they unanimously passed the updated, new MOU with the
17 predominantly two-track system, the blended system, and
18 the early investment. And we strongly, strongly support
19 the opportunity to get Caltrain moving and help prepare
20 for eventual train operation of high-speed rail. So we
21 would encourage a yes vote by the board.

22 CHAIRMAN RICHARD: Thank you, sir.

23 Next back here in Sacramento David Schewegel.

24 MR. SCHEWEGEL: Good morning fellow leaders,
25 David Schewegel. I wanted to first thank the board

1 representatives who were in attendance at the USA HSR San
2 Francisco conference back in May for raising an excellent
3 point about high-speed rail being an integral part of a
4 statewide integrated system of mass transit and station
5 area development.

6 When I spoke with seniors in Live Oak just
7 north of Yuba City last week, when they got a chance to
8 see high-speed rail's relevance in that statewide
9 integrated system of mass transit, station area
10 development, they really lit up. They really warmed up
11 to the project. So keep up the great work on that.

12 As far as Amtrak ridership is concerned, it's
13 been in the news very extensively. We've seen 55 percent
14 growth on Amtrak versus 16.5 percent growth in car and 20
15 percent growth in air between '97 and 2012. But on the
16 other hand, the 3.42 million annual passengers in Los
17 Angeles are nowhere near 10.86 million annual passengers
18 in New York.

19 But on the subject being nowhere near, we're
20 here at the State Treasury Department. There is some
21 concern about the \$68.4 billion price tag, but that
22 particular price tag is nowhere near the 150 billion that
23 they are investing in the northeast corridor. It's
24 definitely nowhere near the \$368 billion investment over
25 the next ten years in transportation infrastructure alone

1 that the California region of the American Society of
2 Civil Engineers is calling for.

3 I wanted to draw your attention back on the
4 subject of the statewide integrated system of mass
5 transit and station area development. TransForm, a
6 strong supporter of California high-speed rail with the
7 focus on the statewide integrated system of mass transit,
8 they are having their transportation choices summit and
9 advocacy day on April 22nd through the 24th here in
10 Sacramento.

11 Thank you very much. Keep up the great work.

12 CHAIRMAN RICHARD: Thank you, Mr. Schewegel.

13 Back to Fresno, Vice-Chair Richards.

14 VICE-CHAIR RICHARDS: Allen Scott, please.

15 MR. SCOTT: Good morning board. Thank you for
16 this time. I would just like to mirror the people who
17 have spoken in opposition to this and just say that as a
18 taxpayer my major concerns are -- and after doing some
19 calculations of the funding, which there is none, the
20 state is broke. We're going to issue bonds from no sale
21 of bonds. There's no sale of bonds have been sold yet.
22 I think like a half a million -- I think half a billion
23 dollars. I think it's 500 million have been sold, but
24 the bottom line is the state is broke, the feds are
25 broke.

1 I saw something last night that said that the
2 senate has not authorized any more funding for the
3 California high-speed rail. With that being said, we're
4 -- we're walking into, I think, a major quicksand
5 environment we can never get out of. We need to be very
6 due diligent given the fact that -- do we have the money?
7 Do we have wherewithal to get this done until the state
8 gets out of the deficit situation? We need to stop
9 everything, get the state right, and then start doing
10 things the right way and up front. Thank you.

11 CHAIRMAN RICHARD: Thank you, Mr. Scott.
12 Redwood City, Mr. Hartnett.

13 MR. HARTNETT: We have two more speakers.
14 First up is Mike Brady.

15 CHAIRMAN RICHARD: Okay.

16 MR. BRADY: Good morning. I followed the press
17 reports of Lynn Schenk's vote several days ago. Lynn
18 Schenk is known as the mother of high-speed rail; Frenton
19 Coss (phonetic spelling) the father of high-speed rail.
20 Interesting that both now take the position that what
21 you're attempting to do with the MOU is not in accordance
22 with the intent of the voters when they enacted
23 Proposition 1A. This is a program for aid to local
24 commuter rail services, not for genuine high-speed rail.

25 And I would point out that the bond measure is

1 divided into a nine billion part and a 950 million part.
2 The 950 million is virtually unrestricted. You can do
3 with that whatever you want practically, but not the nine
4 billion, lots of safeguards and restrictions.

5 Secondly, do you have a Attorney General
6 opinion? No bonds can be sold, I understand, in
7 California unless you have a formal written Attorney
8 General opinion. There are lots of issues surrounding
9 this.

10 Thirdly, your STB issue, Surface Transportation
11 Board, the successor to the Interstate Commerce
12 Commission, is now about to inject itself. You will be
13 in the middle of a giant federal bureaucracy that you
14 have to deal with. You didn't get permission to build
15 this project at all from this organization. How in the
16 world could that failure have taken place? Who is
17 responsible for that? Now, you have congressmen telling
18 the service transportation board to interject itself and
19 make sure that you comply with all the rules. You want
20 to start construction in July of this year with this
21 issue unresolved.

22 Now, the last issue that I want to bring up is
23 why are you selling virtually all the bonds? You only
24 got 3 billion from the Federal Government. That means
25 you can't take out more than three from Prop 1A. Why are

1 you selling 8.5 billion? You know that the carrying
2 charges are \$700 million a year. That is enough to pay
3 for all the tuition increases at all the UC and CSU
4 campuses in California. Does the public know that? You
5 don't have to sell all of these bonds? Why are you doing
6 that?

7 And lastly, and this is really more of a public
8 policy issue, you know that a new initiative can be put
9 before the voters by the legislature to allow this
10 \$9 billion to be used for some other purpose --
11 education, for example. That is certainly higher on the
12 priority list for California voters than this project.

13 Thank you.

14 CHAIRMAN RICHARD: Thank you, counsellor.

15 So Redwood City, we're back here. We have one
16 more speaker here. How many more speakers do you have in
17 Fresno?

18 VICE-CHAIR RICHARDS: Five.

19 CHAIRMAN RICHARD: I'm sorry?

20 VICE-CHAIR RICHARDS: Five.

21 CHAIRMAN RICHARD: All right. Ms. Hamilton, if
22 you will just let me interpose one or two from down there
23 so we can balance this out. Why don't we take two more
24 speakers from Fresno. Then we will take our last speaker
25 here and back to Redwood City and so forth.

1 VICE-CHAIR RICHARDS: Next in Fresno would be
2 Ross Browning.

3 CHAIRMAN RICHARD: Good morning, Mr. Browning.

4 MR. BROWNING: Good morning, sir. I came today
5 to tell you that I am disappointed. I am sadly
6 disappointed and then some. The reason I am disappointed
7 is I voted for the high-speed rail. I was happy when I
8 saw it pass. I look forward to seeing it. I am
9 disappointed in the fact that the board of the High-Speed
10 Rail Authority has leadership to carry us in the
11 direction that the public voted for, specifically, the
12 items that the public voted for. I do not see these
13 items taking place as -- as it was proposed in Prop 1A.
14 I am just disappointed in what I see. I would like you
15 to stop and go in the direction that I and others like me
16 have voted for.

17 Thank you.

18 CHAIRMAN RICHARD: Thank you, Mr. Browning.

19 VICE-CHAIR RICHARDS: Mr. Chairman, we have
20 actually more than I mentioned a moment ago. We have --
21 we have six remaining.

22 CHAIRMAN RICHARD: Why don't we do -- let's do
23 a couple more from Fresno then at this point.

24 VICE-CHAIR RICHARDS: Okay. The next is
25 Mr. Atsuyuki Furuda. He is going to pass. Next, will be

1 Karen Stout.

2 CHAIRMAN RICHARD: Okay.

3 VICE-CHAIR RICHARDS: Karen, would you like to
4 sit here? Here. Thank you.

5 MS. STOUT: Good morning. My name is Karen
6 Stout. I am a member of CCHSRA. I am also a small
7 farmer in Kings County. We're not against high-speed
8 rail. We're against how it's planned, or rather should I
9 say, the lack of planning with concern to California's
10 main industry -- agriculture and dairies. I also
11 question the need for this project at this time. Since
12 you have no funds or promise of funds to complete the
13 ICS, the first completed sections of the ICS will not
14 even be high speed, and then you run diesel trains on new
15 tracks, this then is not giving Californians anything
16 they don't already have. Our property is not needed
17 until you can make it high speed.

18 Thank you.

19 CHAIRMAN RICHARD: Thank you. Ms. Stout.

20 Again, from Fresno.

21 VICE-CHAIR RICHARDS: Yes, Mr. Chairman, Ed
22 McIntyre.

23 CHAIRMAN RICHARD: Okay.

24 MR. MCINTYRE: Good morning, Mr. Chairman,
25 authority members, Ed McIntyre of Madera, California.

1 The proposed bond issuance is another milestone in
2 California high-speed rail. Thank you for your efforts,
3 but it's taken far too long to get here. 5,000 miles of
4 HSR lines have been put into service since Californians
5 voted in favor of Prop 1A. High-speed rail is in Europe,
6 Asia and Africa. Projects are under construction in
7 South America. 20,000 miles world wide of high-speed
8 rail are planned, under construction or in service.

9 Here in California it is the missing piece of a
10 modern, integrated transportation network. It is
11 exciting to have true high-speed rail in California and
12 the US, start in Madera. Let's get started.

13 Thank you.

14 CHAIRMAN RICHARD: Thank you, sir.

15 Okay. Ms. Hamilton.

16 That's the last speaker card I have here in
17 Sacramento.

18 MS. HAMILTON: Hi, my name is Kathy Hamilton,
19 and I am a writer. I've written 157 articles on the
20 subject of high-speed rail.

21 I am here today to talk to you about your
22 public records request behavior. I will -- I will -- I
23 will sort of begin with the end to say that when you have
24 something to hide you dart around the rules. There is
25 not transparency.

1 I have had a public records request in since
2 April of 2012. And the reason I put it in was because
3 when the new blended system came out in April 2012, I was
4 -- I was questioning if we can make the mandated travel
5 times of two hours and 40 minutes.

6 There's also discrepancies in the board's
7 documents because they have runs that showed three hours
8 is the fastest train possible. So I started my quest.
9 Much has gone on, as Tom Fellenz knows. But I will say
10 that the board told me -- the High-Speed Rail Authority
11 records group, that there was no documentation done at
12 the time of the April 2012 board meeting. It was done on
13 the optimism, experience and knowledge of engineers.
14 That's not good enough when you're spending this kind of
15 money.

16 Finally, after I continued the public records
17 request, the rail authority came out with the Frank Vacca
18 memo which supposedly proved two hours and 40 minutes;
19 however, it was very short on details. It was equivalent
20 of saying, trust us.

21 I have put in other requests as to the
22 technical information that backs up that particular memo.
23 It's not even good enough to be a report. It's a memo.

24 And I want to tell you that I have been told
25 that -- it's a stall, stall, stall, stall, passed dates

1 for a lawsuit. You don't want to provide the
2 information. You've done this to other organizations.
3 You're not a transparent agency. You've got something to
4 hide. I think you should come clean and tell what's
5 going on.

6 If necessary, put this back on the ballot.
7 This resembles nothing that the people voted for, and you
8 shouldn't be allowed to do it because it's a question of
9 the law, the rule of law.

10 Thank you.

11 CHAIRMAN RICHARD: Thank you, Ms. Hamilton.

12 I am just going to interject at this point that
13 as public officials this is the public's opportunity to
14 comment, and we listen to all public comments. It's not
15 our job to sit here and be responsive to those comments
16 at this point. I don't want our silence on that to
17 indicate that we necessarily agree or succeed to those
18 comments. It's the public's opportunity to tell us what
19 they think. We treat it that way.

20 In Redwood City is there another speaker,
21 Mr. Hartnett?

22 MR. HARTNETT: Yes, there is. Our final
23 speaker in Redwood City this morning.

24 MS. FROMSON: Hi, my name is Casey Fromson I am
25 the Government Affairs Officer at Caltrain. On behalf of

1 Caltrain I would like to thank the high-speed rail board
2 and staff for continuing to work with us on a blended
3 system and complete early high-speed rail investments on
4 the penninsula. These early investments will provide a
5 foundation for high-speed rail and will also provide
6 penninsula communities with more immediate upgrades,
7 ensuring a quieter, faster, cleaner Caltrain that serves
8 more stations and more riders.

9 To complete the blended system will connect
10 these same communities with the rest of the state on the
11 nation's first state-of-the-art high-speed rail system.

12 Within a year after the State's commitment to
13 making these investments, Caltrain is already working to
14 advance the modernization of the corridor. Today we will
15 complete the EIR scoping phase for the corridor
16 electrification project. This fall we will start
17 installing the advanced signal systems.

18 We look forward to continuing our productive
19 partnership with key stakeholders and working closely
20 with high-speed rail board, staff and penninsula
21 communities to fulfill the terms of this new agreement.

22 Thank you.

23 CHAIRMAN RICHARD: Thank you.

24 Next back to Fresno.

25 VICE-CHAIR RICHARDS: Yes, Mr. Chairman. We

1 have three. Next -- next is John Hernandez.

2 CHAIRMAN RICHARD: Good morning, Mr. Hernandez.

3 MR. HERNANDEZ: Good morning, rail authority
4 and all of those listening all across this great state,
5 the golden state of California. I am John Hernandez, CEO
6 of the Central California Hispanic Chamber of Commerce.
7 I want to speak the affirmative of the importance of this
8 blended system that will make it possible for people to
9 move efficiently across this state, from San Francisco
10 all the way down to Los Angeles.

11 This system represents a state-of-the-art,
12 innovated operating system that will employ literally
13 thousands of people and connect this state and make this
14 state more competitive up and down the -- all over this
15 world but also on the Pacific Rim. If you don't think
16 we're not in competition with other states, other
17 nations, they have already upgraded those systems.
18 They're already further ahead of us. We need to move
19 forward with this system.

20 This system will provide an efficient
21 transportation system that will be both efficient and
22 less -- less pollution, less pollution by diesel trains.

23 I am looking forward to the day when I, the son
24 of a railroader, can look across this state and see a 220
25 mile-an-hour train coming across the state of California.

1 Again, John Hernandez, I am the CEO of the
2 Central California Hispanic Chamber of Commerce. We have
3 decided to name our business expo on August 30th "A World
4 of Tomorrow." We're looking forward to a world of
5 tomorrow where high-speed rail is a reality for this
6 state. We support the blended system, and also we
7 support the July deadline. We definitely want to see it
8 moving. We're doing everything we can right now to
9 certify as many small businesses to participate to reach
10 that 30-percent goal.

11 And I want to speak up because every time I
12 reach out to the rail authority -- I fought with Diana
13 Gomez here in Central California and also Mr. Pedia, and
14 they have been very responsive with providing us the
15 necessary information we need.

16 So thank you.

17 CHAIRMAN RICHARD: Thank you, sir.

18 VICE-CHAIR RICHARDS: Next is Mr. John Young.

19 MR. YOUNG: Hello. I am a retired Southern
20 Pacific conductor. I've worked the routes from LA all
21 the way up to Roseville for 37 years. I am wondering how
22 are you planning on getting between Vegas and Los
23 Angeles? Because there are three routes I see. Either
24 going -- following the SP route from Tehachapi and down
25 through Lancaster, Palmdale to LA. That's a 2.2-percent

1 grade. There's no room to compete with 24 or so freight
2 trains that go the UP tracks. And there's the
3 six-percent grade going straight over the Grapevine and
4 maybe make a right turn at Tejon and go towards Mojave
5 and Lancaster that way, or a third route go through Las
6 Vegas or go over the mountains at Tehachapi towards
7 Ventura and south to LA. That's one point.

8 Another point is you've chosen to go north and
9 south through the valley via Hanford, between Bakersfield
10 and Fresno. Why didn't you choose a station just west of
11 Tulare? I would think the cost of a 60-foot wide
12 corridor or 80-foot wide corridor through the farms lands
13 would be just as expensive, buying up farm land just west
14 of Tulare, as it would be over in Hanford. Going through
15 Tulare you'd pick up a lot more traffic, a lot more
16 people would be getting on there. You got Visalia and
17 Tulare getting on and off there.

18 Thank you.

19 CHAIRMAN RICHARD: Thank you, sir.

20 VICE-CHAIR RICHARDS: Our final speaker, Frank
21 Oliveira.

22 CHAIRMAN RICHARD: Good morning, Mr. Oliveira.

23 MR. OLIVEIRA: Good morning, Mr. Richard.

24 Again, my name is Frank Oliveira. I'm with the Citizens
25 for California High-Speed Rail Accountability. I am

1 going to try to stick to the same and proceed directly.

2 A long time ago I worked for a fellow, and he
3 kept telling me about the sixties. The troubled sixties.
4 What that means is his poor performance equals -- his
5 poor plan equals poor performance.

6 What is happening here is illegal. I am
7 speaking about agenda item two and agenda item four. In
8 regard to agenda item two, I am not here to question
9 whether high-speed is a great idea. I think it would be
10 a great idea for modern transportation. It would be a
11 great idea for people to get jobs. All of these things
12 are great ideas. It would be a great idea and a benefit
13 probably to Caltrain to invest Prop 1A money there for
14 them to construct and electrify their track system.

15 But the simple fact is Proposition 1A money
16 can't go there. It's not high-speed rail. Prop 1A money
17 must be used for Prop -- for high-speed rail. Prop 1A
18 had the ability to direct connectivity funds of
19 \$950 million to Caltrain, and if Caltrain is going to get
20 that money, that's probably where it should come from.
21 But to take it from \$9 billion of Prop 1A funds, must be
22 for high-speed rail, is illegal.

23 Moving on to item four, failed bonds, the
24 process to proceed to sell \$8.5 billion worth of bonds,
25 it is intellectually incompetent to sell those bonds when

1 there are so many things about this project that does not
2 comply with Prop 1A. I am not talking about the concept
3 of building high-speed rail. I am not talking about the
4 concept of building high-speed rail in the Central Valley
5 or throughout the state. What I am talking about is
6 simply Prop 1A compliance and using that money for that
7 purpose.

8 If you're to proceed, you should be using other
9 state money to do this. But Prop 1A bond money simply
10 states nothing about blended systems. Okay. It talks
11 about usable segments. You're not building any. It
12 talks about finishing environmental documents. You
13 haven't. So why are you selling the bonds at this time?
14 It does not make sense.

15 We question whether -- at the end of the day
16 when all the trains are in and everything is built, the
17 way it's being build, if it will ever get from Los
18 Angeles to San Francisco in two hours and 40 minutes.

19 I've taken enough of your time. I want to
20 leave you with one thing: If you go forward and you use
21 Prop 1A money to do this and to match federal funds, are
22 you not stealing from the taxpayers of the State of
23 California, maybe for a good cause, but stealing their
24 money by using Prop 1A money? If you're matching stolen
25 money for federal money, aren't you stealing federal

1 money too?

2 Perhaps, a grand jury should be convened at the
3 federal level to investigate this. Perhaps, if you want
4 to clear your records or your names, perhaps you should
5 ask the grand jury to look at what you're doing and to
6 come back and render some sort of decision.

7 Thank you for hearing me out.

8 CHAIRMAN RICHARD: Thank you, Mr. Oliveira.

9 Okay. We have no more speaker cards here in
10 Sacramento, and I understand that there are no more
11 public speakers in either Fresno or Redwood City; is that
12 correct?

13 MR. HARTNETT: That is correct for Redwood
14 City, Mr. Chair. We do have Mr. Ben Tripousis,
15 high-speed staff in connection with item two as you may
16 need him.

17 CHAIRMAN RICHARD: All right.

18 And, Mr. Vice-Chair Richards, have we exhausted
19 public comment in Fresno?

20 VICE-CHAIR RICHARDS: Yes, we have,
21 Mr. Chairman.

22 CHAIRMAN RICHARD: Mr. Umberg, just to make
23 sure that no one popped up down in your location, are
24 there any public speakers there?

25 MR. UMBERG: Mr. Chair, we have guests here,

1 but none of them wish to make public comment.

2 CHAIRMAN RICHARD: All right. With that then
3 the public comment item will be closed. And let's move
4 to the approval of the minutes. Then I want to make a
5 few statements about what we're about today. And then we
6 can proceed with the rest of the agenda.

7 Can I have a motion for the approval of the
8 minutes from the last meeting?

9 VICE-CHAIR RICHARDS: So moved.

10 MR. HARTNETT: Second by Hartnett.

11 CHAIRMAN RICHARD: All right. It's been moved
12 by Vice-Chair Richards and second by Mr. Hartnett.

13 Would the secretary please call the roll.

14 THE SECRETARY: Vice-Chair Richards.

15 CHAIRMAN RICHARD: Tom?

16 THE SECRETARY: Vice-Chair Richards.

17 VICE-CHAIR RICHARDS: Yes.

18 THE SECRETARY: Mr. Umberg.

19 MR. UMBERG: Aye.

20 THE SECRETARY: Mr. Hartnett.

21 MR. HARTNETT: Yes.

22 THE SECRETARY: Mr. Rossi.

23 MR. ROSSI: Yes.

24 THE SECRETARY: Chairman Richard.

25 CHAIRMAN RICHARD: Yes.

1 Okay. Those were approved.

2 So before we proceed with the rest of the
3 agenda, let me just make a few remarks here today. First
4 of all, I appreciate everybody's patience with the
5 logistics. We are here today in a special board session
6 to adopt a -- or to address a couple of issues. And I
7 just -- for those who don't follow our proceedings all
8 the time, I want to make sure that you have this in
9 context.

10 The first item that we're going to look at is
11 this issue of the memorandum of understanding between the
12 High-Speed Rail Authority and the Peninsula Caltrain
13 Joint Powers Board. In just a moment I will ask our CEO
14 Mr. Morales to describe that item. It was before us in
15 the prior board meeting. We did not have sufficient
16 support from the members of the board then present to be
17 able to pass it. We're considering it again today.

18 And what this is about really has come -- it's
19 emanated from an idea that was raised by several of our
20 leading elected officials in California. When the
21 high-speed rail program was originally envisioned, people
22 thought of it as a single system that went from Anaheim
23 up to San Francisco with four dedicated tracks, and that
24 was going to be the entire system.

25 In some communities, as the system was designed

1 then, it appeared that there were going to be significant
2 impacts on the local environment and on local
3 communities, and so therefore, state senator -- at the
4 time, State Senator Joe Simitian, State Assembly Member
5 Rich Gordon and Congresswoman Anna Eshoo, all
6 representing those communities on the peninsula, asked
7 and urged the High-Speed Rail Authority to consider
8 whether a different approach could be taken that would
9 have lower immediate impacts on those communities, to use
10 to the greatest extent possible existing infrastructure.

11 The High-Speed Rail Authority took that request
12 from those leaders in that community to heart and went
13 back and looked at the system to determine whether or not
14 for that portion working with --

15 VICE-CHAIR RICHARDS: Mr. Chairman, is it
16 possible you can get a little closer to a microphone?
17 You're going in and out on us. At the outset you were
18 clear.

19 CHAIRMAN RICHARD: All right. I'm sorry about
20 that.

21 So the elected officials who urged us to look
22 at this asserted that using existing infrastructure where
23 possible could have lower costs and lower -- lower
24 impacts on the community.

25 Now, we have addressed that issue, and that

1 issue is before us today. I will say very clearly, very
2 strongly that we believe that not only is this possible,
3 but it is possible to do this in accordance with
4 Proposition 1A, and Mr. Morales is going to elaborate on
5 that.

6 The first thing we're going to be looking at is
7 this agreement that we have with the peninsula Caltrain.
8 And at this point the agreement really addresses planning
9 issues. And it is not the -- it's not the ultimate
10 question of how this is going to be built out.

11 The second issue that we're looking at today is
12 to consider a resolution that would go to the committee
13 that was anticipated under Proposition 1A, to authorize
14 the issuance of bonds for the development of the
15 high-speed rail system.

16 Now, just to clarify one point that's been
17 raised this morning, the resolution does address the
18 authorization of all the bonds, but the issuance of bonds
19 would proceed only as required and as authorized by our
20 state legislature. So that's a very important
21 distinction that people need to keep in mind.

22 For the purposes of efficiency, the resolution
23 addresses all the bonds, but in fact, the bonds that
24 would be issued at this point are only those consistent
25 with the appropriation by the California Legislature,

1 again, consistent with provisions of the Bond Act.

2 And the question was raised about the debt
3 servicing on these bonds, at least in the near term and
4 the intermediate term, there are funds that were
5 allocated for servicing of bonds related to
6 infrastructure that come from a special account involving
7 weight fees from trucks. So at least for the initial
8 issuance there's nothing that impacts the general fund.

9 Now, I can't make that statement for the
10 ultimate issuance of all the bonds over the long-term,
11 but certainly in the near term that's the case. That's a
12 matter that will be taken up later today by the finance
13 committee that was created under Prop 1A, which includes
14 the State Treasurer's Office, and really they will be the
15 ones who determine the best way to proceed with the bonds
16 if -- if they go forward.

17 So with that we're going to move to item two
18 which is the Memorandum of Understanding between the
19 authority and the Peninsula Corridor Joint Powers Board.
20 I will ask our CEO Jeff Morales to present this issue
21 however he sees fit. Mr. Morales.

22 MR. MORALES: Thank you, Mr. Chairman. As you
23 know the -- this item was presented to the board at the
24 last meeting. Significant public comment made at that
25 meeting. This -- I don't want to rehash everything, but

1 I just want to make a few points to help put the MOU in
2 context. It has been noted this MOU has been adopted and
3 approved by the Peninsula Joint Powers Board.

4 The intent and the practical effect of this
5 memo really is captured on page four in item two of the
6 draft MOU -- of the MOU. It's really about creating a
7 framework for the High-Speed Rail Authority to work with
8 the joint powers board to move forward on the penninsula.

9 It's about establishing principles for that
10 partnership as we go forward. It is replacing 2004 and
11 2009 documents that, frankly, are just out of date at
12 this point, given the adoption of the business plan last
13 year by this board, given the -- the action by the
14 legislature and approving SB1029.

15 The MOU in part is intended to ensure that, in
16 fact, what we're doing as we move forward with Caltrain
17 is in accordance with law both 1A and with 1029 --

18 CHAIRMAN RICHARD: Senate Bill 1029?

19 MR. MORALES: Excuse me, the appropriation
20 provided by the legislature last summer, yes.

21 That bill did include -- in that the
22 legislature included the funding for this project and
23 appropriated the funds for it. This MOU does not release
24 or obligate those funds at this point. Again, this is a
25 framework for working with them. The actual commitment

1 of funds will be addressed through subsequent agreements,
2 funding agreements, as well as steps that are specified
3 in both Prop 1A and in the appropriation last year.

4 All -- each of those steps will ensure along
5 the way that prior to any funds being obligated, they are
6 being obligated in accordance with all applicable law.

7 Questions have been raised about the
8 investments. I just want to reiterating something that
9 was presented last week. The investments being made are
10 mutually beneficial to Caltrain and to high-speed rail.
11 They will be compatible as we go forward.

12 And later we will deal with issues, for
13 instance, the cost-sharing agreement in the prior MOU
14 will become the subject of a later funding agreement
15 between the authority and the joint powers board. But
16 the basic framework of the program has been established
17 in law. This MOU will ensure that we're working and
18 moving, progressing that program forward in accordance
19 with that law.

20 CHAIRMAN RICHARD: Thank you, Mr. Morales.

21 I would just add one other point, which is that
22 last year when we issued our revised business plan we
23 made it very clear that what we were presenting to the
24 legislature -- in fact, what the legislature adopted --
25 was not just a plan to build high-speed rail, but a plan

1 for the modernization of rail throughout the state of
2 which high-speed rail is an essential element.

3 There are a number of systems that have
4 tremendous public support and utilization such as
5 penninsula Caltrain, such as the Metrolink system in Los
6 Angeles, BART, the Valley Transit, the Capitol Corridor,
7 the ACE train. The business plan last year and the
8 legislative authorization really is a rising tide that
9 lifts all of those boats.

10 So, at least for myself, this is an opportunity
11 to start down the road of effectuating that by working in
12 partnership with penninsula Caltrain, a very popular
13 service that is highly utilized on the penninsula, and
14 which has great public benefits. We have an opportunity
15 to make, as we move forward as Mr. Morales said, future
16 investments there that will lay the groundwork for
17 high-speed rail, the electrification of Caltrain, which
18 is something that is very important for the community
19 there. We will have the opportunity to work together
20 with them to do those things.

21 I just want to commend our staff, Mr. Morales
22 in particular, Mr. Tripousis, and the people who have
23 worked on this, and our partners at penninsula Caltrain,
24 Mike Scanlon and Marian Lee and so forth.

25 With that let me just ask if my colleagues have

1 any other questions to raise to staff. Let me start in
2 Redwood City with Mr. Hartnett and Mr. Rossi. Do you
3 have any comments or questions -- actually, Mr. Hartnett,
4 I want to close with you.

5 So let me just start with Mr. Rossi there. Any
6 questions at this point?

7 MR. ROSSI: I just want to be clear. Given
8 what you just said, I want to be clear that, yes, it is a
9 tide that raises all boats, but the tide that raises ours
10 is the one that we're concerned about. We're doing this
11 because it does effectuate this ongoing exercise of
12 building a blended system of high-speed rail.

13 CHAIRMAN RICHARD: That's correct.

14 Mr. Umberg.

15 MR. UMBERG: Sure. Thank you, Mr. Chair. The
16 challenge that we face is building a high-speed rail
17 system that connects Northern and Southern California.
18 It's a challenge that's framed by Proposition 1A in our
19 mandate to build such a system. It's going to benefit
20 millions and millions of Californians born and yet
21 unborn.

22 But while it's going to benefit millions of
23 Californians, there are certain communities that are
24 going to be more dramatically affected, certain
25 individuals that are going to be more dramatically

1 affected than others. So it's part of democracy where
2 those individuals and their representatives, they advance
3 their interests. And as in any other great project,
4 there are certain compromises that are to be made, and at
5 least for me as an individual with respect to voting on
6 this MOU, the question is whether or not the decision
7 before us advances our mandate to build a statewide
8 system and is within the parameters of Proposition 1A and
9 the other laws that guide and bind us.

10 So while I understand that there are those who
11 I respect who disagree, at the end of the day I think
12 that this compromise does advance the system, and is
13 within the parameters and bounds of Proposition 1A so I
14 am going to vote yes.

15 CHAIRMAN RICHARD: Thank you, Mr. Umberg.

16 Vice-Chair Richards.

17 VICE-CHAIR RICHARDS: Thank you, Mr. Chair. I
18 do have, if I may, a few questions for staff, primarily
19 for clarification. The first is, the \$600 million in 1A
20 funds referred to in the MOU, is it reasonable and
21 correct to assume that the moneys that are being spent
22 with the \$600,000 for those projects, are for projects
23 that would be necessary to support the California
24 high-speed rail project? This would be for Mr. Morales.

25 MR. MORALES: Yes. Yes, Mr. Richards,

1 electrification, signalling communications are all
2 expenses that would be incurred as part of the authority
3 project if it were standing on its own.

4 VICE-CHAIR RICHARDS: All right. Is it also
5 then reasonable to believe or to -- to conclude that the
6 work underway on -- for CBOSS which includes the PTC,
7 will be used by high-speed rail along with the -- along
8 the penninsula corridor?

9 MR. MORALES: Yes. Part of the working
10 arrangement we have with Caltrain is to ensure that the
11 decisions made are mutually usable and beneficial so
12 investments they're making are consistent with those that
13 we will be making.

14 VICE-CHAIR RICHARDS: What I heard earlier, I
15 just want to reconfirm that the allocation of the Prop 1A
16 funding is consistent with the requirements of Prop 1A;
17 is that correct?

18 MR. MORALES: Yes, that is correct.

19 VICE-CHAIR RICHARDS: And with regards to just
20 what engineering modeling you have had done internally,
21 do -- does that engineer model -- engineering modeling
22 support the viability of this operational joint use in
23 the blended system in the penninsula?

24 MR. MORALES: Yes, it does. There's extensive
25 history both in the US and around the world of having

1 compatible uses on the same track, not all uses are
2 compatible, but we have no question that Caltrain and
3 high-speed rail can operate together on this corridor.

4 VICE-CHAIR RICHARDS: Thank you. Will any of
5 the Proposition 1A funds be used for rolling stock, of
6 the \$600 million?

7 MR. MORALES: No, not for Caltrain rolling
8 stock, they will not.

9 VICE-CHAIR RICHARDS: Thank you. And I think I
10 heard earlier that you will be, in the future in advance
11 of the actual starting of any of the early construction
12 projects or the use of the funds, you will be -- you will
13 have negotiated financial arrangements with our partners
14 in the peninsula JPA; is that correct?

15 MR. MORALES: That is correct, both specific to
16 this investment and this program, and there are
17 requirements laid out in statute, both under 1A and under
18 the appropriation of last year that governs the release
19 of any funds to actually be committed to any of these
20 local projects. Those have multiple reviews to them
21 before we can proceed.

22 VICE-CHAIR RICHARDS: Thank you. With the
23 answers to those questions and following Director
24 Umberg's comments, what -- I find the use of these funds
25 and this MOU to be completely consistent with our

1 requirements under Proposition 1A with the direction that
2 we received from the Governor last year to build it
3 better, faster and cheaper. In fact, what I see from the
4 utilization of these funds is that we are actually being
5 able to put taxpayers' money into service sooner than
6 later in the absence of a blended system.

7 The only thing that I would ask in addition to
8 the MOU, assuming that there's no further action by this
9 board with regards to the expenditure of any of the 1A
10 funding, would be that staff periodically return to the
11 board with staff presentations with regards to the
12 explanations and intentions for the expenditure of the
13 money being allocate from Proposition 1A. And on that
14 basis I would also be supportive of this MOU.

15 MR. MORALES: Sure. For the staff, I will
16 certainly commit to providing those updates in the spirit
17 of the partnership with Caltrain. I suggest we will
18 probably be presenting joint project updates as well as
19 specific items relative to this board's responsibility
20 and the authority's responsibilities.

21 VICE-CHAIR RICHARDS: Thank you.

22 CHAIRMAN RICHARD: Okay. I am going to turn in
23 closing to Director Jim Hartnett. He represents -- well,
24 he represents all Californians on this board, but he
25 hails from the penninsula. He has worked over the years

1 on the blended system and previously served on the
2 Caltrain board. He has been our anchor on these issues
3 at the board level.

4 Mr. Hartnett, I would appreciate it if you
5 would close on this item.

6 MR. HARTNETT: Thank you, Mr. Chair. Thank you
7 for the opportunity to speak on this.

8 Following the questions and comments of both of
9 my colleagues on the board, I think you've provided an
10 excellent summary at the beginning of the introduction of
11 this item. I spoke extensively at our last meeting as to
12 the background and my thoughts on this item. It is, I
13 think, at least the fourth time it's been before us. It
14 is an item that is encompassed in the revised business
15 plan that was unanimously adopted by our board that was
16 presented to the legislature and was part of the basis of
17 the legislation authorizing the funding for us to proceed
18 with high-speed rail.

19 I believe, as my colleagues have expressed,
20 that it is consistent with requirements under the law, is
21 consistent with the practical planning that we've done.
22 It's mutually beneficial to the peninsula and to
23 high-speed rail, and as Director Rossi mentioned, this is
24 a part of the investment that raises both votes so to
25 speak.

1 It is integral to the implementation of
2 high-speed rail, and it has the benefit that we have
3 talked about that is benefits that we want to provide to
4 the north and south, the bookends of our system. And
5 this is another feature of high-speed rail being part of
6 an overall, very effective statewide transit system.

7 For all of those reasons and more than I
8 previously expressed, I am very proud to move that we
9 adopt the MOU as stated in our board report.

10 CHAIRMAN RICHARD: Okay. Thank you,
11 Mr. Hartnett.

12 The item has been moved by Mr. Hartnett. Is
13 there a second?

14 VICE-CHAIR RICHARDS: Second.

15 CHAIRMAN RICHARD: All right. It's been moved
16 by Mr. Hartnett, seconded by Vice-Chair Richards.

17 Would the secretary please call the roll.

18 THE SECRETARY: Vice-Chair Richards.

19 VICE-CHAIR RICHARDS: Yes.

20 THE SECRETARY: Mr. Umberg.

21 MR. UMBERG: Yes.

22 THE SECRETARY: Mr. Hartnett.

23 MR. HARTNETT: Yes.

24 THE SECRETARY: Mr. Rossi.

25 MR. ROSSI: Yes.

1 THE SECRETARY: Chairman Richard.

2 CHAIRMAN RICHARD: Yes.

3 Okay. With that the item is approved.

4 I thank the staff again for their work on that
5 and also thank our colleagues at the Peninsula Caltrain
6 JPB. We look forward to a long and productive
7 partnership with them as we build high-speed rail in this
8 state.

9 At this point, before turning to the next item,
10 the board is going to enter into a brief closed session
11 with counsel under item three. And we will return as
12 soon as that is --

13 MR. UMBERG: Mr. Chair, this is Tom Umberg.

14 CHAIRMAN RICHARD: Yes, go ahead.

15 MR. UMBERG: I am going to leave our guests
16 here in the conference room, and move to a different
17 location for closed session. Then I will come back when
18 we're finished. So it's going to take me a few moments
19 to dial back in.

20 CHAIRMAN RICHARD: All right. Let me just ask
21 where are we doing the closed session? So we're going to
22 be decamping there anyway. We will start that in five or
23 so minutes as soon as we can get the logistics down and
24 then we will come back here. Counsel, informs me -- not
25 that we're going to hold him to this, but his

1 compensation next year may depend on it -- this should be
2 about 30 minutes, and we will try to keep it at that or
3 less so that the public can -- if people want to go out
4 and get something to drink or whatever.

5 MR. HARTNETT: Mr. Chair, this is Jim Hartnett.
6 We're, as Mr. Umberg, going to adjourn to a different
7 room to call back in. Members of the public are invited
8 to stay here in my conference room or nearby as they
9 chose. I think it's important for people to understand
10 that -- well, we don't have a fixed time for the close
11 session, so we can't predict for sure when we will come
12 back. But when we come back, as I understand it,
13 Mr. Chair, there are two things: First is to report as
14 necessary on the closed session, if there's any report
15 that's required, and that report is, if any, is in
16 public.

17 The next thing is to address the public item
18 four, so there's still that item four left on the public
19 agenda. And then following that, the only thing left is
20 adjournment. Is that an accurate statement?

21 CHAIRMAN RICHARD: Almost. There will be a
22 second closed session afterwards, prior to adjournment.

23 MR. ROSSI: Mr. Chairman, I would request that
24 we start this next closed session in five minutes, not
25 possibly five minutes or almost five minutes, but in five

1 minutes.

2 CHAIRMAN RICHARD: I understand your request.
3 We will do that, Mr. Rossi.

4 All right. The board will now enter into a
5 closed session.

6 MR. HARTNETT: Mr. Chair, just a moment please.

7 MR. BROWN: Will we still have communications
8 with the finance committee?

9 MR. HARTNETT: The item four on the agenda is
10 the board item. We will -- when we come back we will be
11 talking about item four.

12 CHAIRMAN RICHARD: The finance committee is at
13 2:00 o'clock, Dr. Brown. It's a separate -- it's
14 actually a separate entity. It's not the High-Speed Rail
15 Authority.

16 MR. BROWN: I understand that, but will we be
17 able to hear that?

18 CHAIRMAN RICHARD: I will tell you what, we
19 will get an answer for you on that question. I don't
20 know off the top of my head.

21 MR. HARTNETT: Thank you, Mr. Chair. Mr. Rossi
22 and I will be calling in in four minutes and 30 seconds.

23 (Closed session begins at 12:19 p.m.)

24 (Open session resumes at 12:53 p.m.)

25 MR. HARTNETT: Mike Rossi and Jim Hartnett in

1 Redwood City.

2 VICE-CHAIR RICHARDS: Thomas Richards in
3 Fresno.

4 CHAIRMAN RICHARD: Excellent.

5 Thank you, Angie.

6 All right. The board will now reconvene in
7 open session, and we will proceed to the next item, item
8 four. Before we -- before we get into that, let me just
9 make sure that everybody understands the context of what
10 this item is. Pursuant to the Bond Act, before any bonds
11 for high-speed rail can go forward, several things must
12 happen in sequence. Our board, the High-Speed Rail
13 Board, must request of the financing authority that they
14 move forward with the authorization of bonds.

15 Now, who's is financing authority? Under
16 Proposition 1A there's a financing authority that is
17 comprised of five entities. The office of -- it's the
18 High-Speed Rail Association has one member; the State
19 Controller is represented; the State Transportation
20 Agency, presently the Business Transportation and Housing
21 Agency is represented; the Department of Finance and the
22 Office of the State Treasurer. Those five entities
23 comprise the financing authority, and this is fairly
24 typical for things like this.

25 They met in the past to issue some portion of

1 the bonds for the engineering and environmental work for
2 high-speed rail. This is not new. This has been done
3 before.

4 That body will meet later today in Sacramento.
5 It is a meeting that will be carried out in accordance
6 with however they have noticed that meeting. We don't
7 control that. That is a separate thing that is taking
8 place there later today at 2:00 o'clock.

9 So our action before us now will be to consider
10 a request to -- to that authority -- a request to that
11 authority to move forward with the authorization process.
12 That's what is in front of us.

13 If the financing authority agrees to move
14 forward with the authorization of the bonds, the actual
15 issuance of the bonds is the responsibility of the State
16 Treasurer's Office. That would proceed in accordance
17 with whatever the State Treasurer believes is prudent to
18 protect the interest of the people of California.

19 So it's a very straightforward action that
20 we're taking here today to just look at making a request
21 to the financing authority for the authorization of bonds
22 for the high-speed rail program. It's one of several
23 steps that we need to take to move forward.

24 Let me turn to our general counsel Mr. Fellenz,
25 and first ask him to correct any misstatements I may have

1 made or to add any other comments you would like to
2 offer.

3 MR. FELLEENZ: That was extremely accurate and
4 eloquent. You did a fine job. I will just mention,
5 because it's shown on our agenda here, that there's a
6 mention of a Resolution Nine, authorizing the issuance of
7 State of California high-speed rail passenger bonds or
8 commercial paper notes in the principal amount --

9 UNIDENTIFIED SPEAKER: Mr. Fellenz, if can you
10 get closer to the microphone, that would be helpful.

11 MR. FELLEENZ: Sure. I am just reading from the
12 agenda here. Resolution Number Nine is authorizing the
13 issuance of State of California bonds or commercial paper
14 in the amount not to exceed \$8,599,715,000 or 8 billion.
15 That resolution is the one that would be presented to the
16 financial committee at 2:00 o'clock today. So what this
17 board is being asked is to --

18 UNIDENTIFIED SPEAKER: Tom, if it is possible
19 to get any closer to the microphone that would be
20 helpful.

21 MR. FELLEENZ: Sure. What is being asked of
22 this board is to seek the approval to move ahead that
23 resolution to the finance committee later this afternoon
24 at 2:00 o'clock.

25 CHAIRMAN RICHARD: Okay. So the action in

1 front of us is per our agenda item. The resolution
2 authorizing the issuance of State of California bonds and
3 the action is to make a request to the financing
4 committee to do that.

5 Do I have a motion?

6 MR. HARTNETT: Move by Hartnett.

7 CHAIRMAN RICHARD: All right. Is there a
8 second?

9 VICE-CHAIR RICHARDS: Second.

10 CHAIRMAN RICHARD: All right. It's been moved
11 by Director Hartnett, seconded by Vice-Chair Richards.

12 Does any board member wish to make comments or
13 have questions prior to the vote? Mr. Umberg.

14 MR. UMBERG: No, thank you.

15 CHAIRMAN RICHARD: Mr. Hartnett?

16 MR. HARTNETT: I do not nor does Mr. Rossi.

17 CHAIRMAN RICHARD: All right. Vice-Chair
18 Richards.

19 VICE-CHAIR RICHARDS: No, thank you.

20 CHAIRMAN RICHARD: All right. I think we have
21 laid out what this is about.

22 Would the secretary please call the roll.

23 THE SECRETARY: Vice-Chair Richards.

24 VICE-CHAIR RICHARDS: Yes.

25 THE SECRETARY: Mr. Umberg.

1 MR. UMBERG: Yes.

2 THE SECRETARY: Mr. Hartnett.

3 MR. HARTNETT: Yes.

4 THE SECRETARY: Mr. Rossi.

5 MR. ROSSI: Yes.

6 THE SECRETARY: Chairman Richard.

7 CHAIRMAN RICHARD: Yes.

8 Okay. That completes that item. And that
9 really completes the open part of our agenda for today.

10 The board is actually going to go back into
11 closed session to consider the matter as per the agenda,
12 and after that we will return to report any items that
13 come out of that closed session. And with that we
14 will --

15 MR. UMBERG: So, Mr. Chair, this is Tom Umberg.
16 I assume that that means we need to let the folks know
17 here that we may be coming back. Actually, we will come
18 back one way or the other; is that right?

19 CHAIRMAN RICHARD: We will come back. We will
20 need to close the meeting. We will need to adjourn the
21 meeting. So we will come back, and once again, we will
22 try to make this a very brief closed session, I think 15,
23 20 minutes. I am looking at counsel. She's nodding her
24 head, various "shes" are nodding their heads.

25 So I think we will be back in about 15 to 20

1 minutes, and we can then adjourn the meeting today. We
2 will go into closed session now.

3 MR. UMBERG: Thank you.

4 (Closed session started at 1:00 p.m.)

5 (Open session started at 1:21 p.m.)

6 CHAIRMAN RICHARD: We're now reconvening back
7 in open session. I've confirmed with members of our
8 board that the three public sites are again, open. And
9 in what will be a dramatic climax, we have nothing to
10 report from closed session. And therefore, this meeting
11 of the High-Speed Rail Authority is adjourned. Thank you
12 all very much.

13 (Meeting adjourned at 1:21 p.m.)

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1 STATE OF CALIFORNIA,)
2 COUNTY OF CALAVERAS) SS.
3)

4 I, Susana Abeyta, a licensed Certified Shorthand
5 Reporter, duly qualified and certified as such by the State
6 of California, do hereby certify:

7 That I was present at the California High-Speed Rail
8 Board meeting held in Sacramento, California on March 18th,
9 2013.

10 That the said meeting was by me recorded
11 stenographically at the time and place first herein
12 mentioned, and the foregoing pages constitute a full, true,
13 complete and correct record;

14 That I am a disinterested person, not being in any
15 way interested in the outcome of said action, nor connected
16 with, nor related to any of the parties, or to their
17 counsel, in any manner whatsoever.

18
19 DATED:
20
21

22 _____
23 Susana Abeyta, CSR 13372
24
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